

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00  
EB-08 FRB-03 INR-10 IO-13 NEA-11 NSAE-00 ICA-11  
OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00  
OMB-01 SS-15 NSC-05 STR-07 L-03 H-01 PA-01 EPA-01  
/129 W

-----078100 161206Z /53

R 151654Z JUN 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 9415  
INFO AMEMBASSY BRUSSELS  
AMEMBASSY PARIS  
AMEMBASSY TOKYO

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USEEC

USOECN

E. O. 11652: N/A  
TAGS: EAID, GW  
SUBJECT: FRG PROPOSAL FOR CAPITAL TRANSFERS TO  
LDC'S

REF: BONN 10546

1. ECON COOP MINISTER OFFERGELD ANNOUNCED JUNE 12 HIS  
SUPPORT OF CAPITAL TRANSFERS TO THE THIRD WORLD VIA  
AN ANNUAL \$10 BILLION INVESTMENT PROGRAM. IN HIS  
PROPOSALS, HE REFERS TO SIMILAR SUGGESTIONS BY CHEYSSON  
(EC COMMISSIONER FOR DEVELOPMENT AID), TO DISCUSSIONS  
WITHIN THE OECD AND TO THE AGREEMENT OF JAPANESE PRIME  
MINISTER FUKUDA TO DOUBLE THE DEVELOPMENT AID OF HIS  
COUNTRY OVER THE NEXT THREE YEARS.

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2. OFFERGELD MADE IT CLEAR THAT THE GERMAN PROPOSAL HAS  
NOT YET BEEN PUT INTO FINAL FORM AND THAT MANY QUESTIONS  
ARE STILL OPEN. IT MIGHT BE POSSIBLE THAT IN ADDITION  
TO FINANCING FROM THE GERMAN BUDGET, FUNDS COULD BE  
RAISED ON THE CAPITAL MARKET, WITH FEDERAL GUARANTEES  
BEING USED TO INSURE THE FINANCING. FURTHERMORE IT

MUST STILL BE CLARIFIED HOW LARGE A SHARE WOULD BE MADE AVAILABLE VIA INTERNATIONAL INSTITUTIONS LIKE THE WORLD BANK AND WHAT SHARE WOULD HAVE TO BE RAISED ON A COUNTRY BASIS.

3. ACCORDING TO OFFERGELD, A GLOBAL DISTRIBUTION OF FUNDS WOULD BE INADVISABLE BECAUSE OF THE DIFFERING CAPABILITIES OF LDC'S TO ABSORB INVESTMENTS. THE FOLLOWING QUESTIONS ALSO NEED TO BE EXAMINED: TO WHAT EXTENT DOES THE STRUCTURE OF DEMAND IN THE LDC'S CORRESPOND TO THE STRUCTURE OF SURPLUS CAPACITIES IN INDUSTRIAL COUNTRIES; AND, TO WHAT EXTENT A MASSIVELY INCREASED TRANSFER OF RESOURCES MIGHT INCREASE INFLATIONARY TRENDS IN INDUSTRIAL STATES. ALSO THE TIME HORIZON FOR THE PLANNED PROGRAM IS BEING ASSESSED IN DIFFERENT WAYS IN THE VARIOUS SUGGESTIONS.

4. ENERGY PRODUCTION, FOOD PRODUCTION, THE PROVISION OF COMMODITIES AND THE EXPANSION OF INFRASTRUCTURE MIGHT BE POTENTIAL STARTING POINTS FOR ADDITIONAL INVESTMENT IN THE THIRD WORLD. THE ECON COOP MINISTER EMPHASIZED THAT THE PLANS FOR AN INVESTMENT PROGRAM FOR THE THIRD WORLD ARE NOT A NEW WORLD ECONOMIC RECOVERY PROGRAM. NEVERTHELESS, THE ECONOMIC EFFECTS MIGHT BECOME RECOGNIZABLE IN THREE OR FOUR YEARS.

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5. PRESS NOTED THAT THIS TOPIC WILL BE ON THE AGENDA OF THE PREPARATORY TALKS FOR THE BONN WORLD ECONOMIC SUMMIT.

6. GERMAN PRESS REPORTS THAT FOREIGN MINISTER GENSCHER ALSO REFERRED TO CAPITAL TRANSFERS TO THE LDCS IN HIS SPEECH AT THE OECD MINISTERIAL. WITHOUT MENTIONING THE DAC-PROPOSED PLAN OR THE OFFERGELD PROPOSAL, HE CALLED FOR INCREASED PRIVATE INVESTMENT, FOR WHICH THE LDC'S MUST PROVIDE PROTECTION.

7. COMMENT: THE OFFERGELD PROPOSAL WOULD SEEM TO BE ANOTHER IDEA, SIMILAR IN ITS ASSUMPTIONS TO THE SOUTHERN EUROPEAN MARSHALL PLAN (REFTEL), AIMING TO COMBAT INTERNATIONAL STAGNATION, BY INCREASING DEMAND ON A WORLDWIDE SCALE. AS OFFERGELD HIMSELF STATED, THERE ARE STILL MANY DETAILS TO BE WORKED OUT AND QUESTIONS TO BE ANSWERED, AND IN THE MEANTIME, THE PROPOSAL CAN SERVE AS A POINT OF DISCUSSION IN SUMMIT PREPARATORY TALKS AND IN DAC MEETINGS, WITHOUT HAVING COMMITTED THE FRG TO ANYTHING. END COMMENT.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LESS DEVELOPED COUNTRIES, CAPITAL FLOWS  
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**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Original Handling Restrictions:** n/a  
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**Subject:** FRG PROPOSAL FOR CAPITAL TRANSFERS TO LDC'S  
**TAGS:** EAID, GE  
**To:** STATE USEEC MULTIPLE  
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